MUNICIPAL POTASH TAX SHARING ADMINISTRATION BOARD

FINANCIAL STATEMENTS

For the Year Ended December 31, 2005

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Municipal Potash Tax Sharing Administration Board as at December 31, 2005 and the statement of operations and net financial assets for the year then ended. The Board is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Municipal Potash Tax Sharing Administration Board as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
February 8, 2006

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

Municipal Potash Tax Sharing Administration Board
Statement of Financial Position
As at December 31

	2005	2004
Financial Assets		
Cash	$ 11,719	$ 13,401
Accounts Receivable	-	406,901
Total financial assets	$ 11,719	$ 420,302
Liabilities		
Accounts Payable	$ -	$ 406,288
Total liabilities	-	406,288
Net Financial Assets - (Statement 2)	$ 11,719	$ 14,014

(See accompanying notes to the financial statements)

Municipal Potash Tax Sharing Administration Board
Statement of Operations and Net Financial Assets
For the Year Ended December 31

			2005	2004
Revenue:				
Municipal taxes received from rural municipalities (Note 6)			$ 6,573,824	$ 6,569,513
Less: Tax sharing distributions (Schedule 1)				
Areas of Influence	Rural	Urban		
Saskatoon Lanigan	$ 3,391,485	$ 376,832	3,768,317	3,768,324
Esterhazy	2,146,527	238,503	2,385,030	2,385,035
Pense	369,554	41,061	410,615	406,289
	$ 5,907,566	$ 656,396	6,563,962	6,559,648
Revenue held for general administration (Note 5)			9,862	9,865
Expenditures:				
Office facilities - Saskatchewan Association of Rural Municipalities			6,000	6,000
Secretary-Treasurer's Honorarium			4,425	4,375
Board members' allowances:				
Per diem			900	650
Mileage			313	-
Sustenance			263	-
Insurance			200	200
Bank Charges			56	1
			12,157	11,226
(Deficit) for the year			(2,295)	(1,361)
Net financial assets, beginning of year			14,014	15,375
Net financial assets, end of year - to Statement 1			$ 11,719	$ 14,014

(See accompanying notes to the financial statements)

MUNICIPAL POTASH TAX SHARING ADMINISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

1. Authority

The Municipal Potash Tax Sharing Administration Board (Board) was established under Section 3 of *The Municipal Tax Sharing (Potash) Act* (Act). Under provisions of the Act, taxes levied by rural municipalities on potash mines are remitted to the Board. The Board administers the tax sharing program established under the Act. Disbursements to municipalities, located within the areas of influence of a potash development, are made on the basis of formulae prescribed in regulations to the Act.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

3. Financial Instruments

The following paragraphs describe the significant aspects of the Board's financial instruments. A financial instrument is any contract that gives rise to both a financial asset of one party and a financial liability or equity instrument of another party. Accounts receivable and accounts payable are the Board's financial instruments.

a) Significant Terms and Conditions

There are no significant terms and conditions associated with the financial instruments that may affect the amount, timing, and certainty of future cash flows.

b) Interest Rate Risk

There is no interest rate risk associated with accounts receivable or accounts payable.

c) Credit Risk

The Board is exposed to credit risk from potential non-payment of accounts receivable. The risk of non payment of accounts receivable is low because the Board will not pay grant money until the related municipality pays the amounts due to the Board.

d) Fair Value

For accounts receivable and accounts payable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

4. Cash Flow Statement

A cash flow statement has not been provided since cash flow information is readily apparent from the other financial statements.

5. Administration Costs

The regulations permit the Board to withhold up to 0.5% of taxes received, to a maximum of $25,000, for the general administration of the Board. During the year, the Board withheld 0.15% of taxes received totalling $9,862.

6. Municipal Taxes Received From Rural Municipalities

Municipality	RM#	Budget 2005	Actual 2005	Actual 2004
Rocanville	151	$ 991,084	$ 991,084	$ 850,790
Spy Hill	152	782,302	782,302	745,379
Pense	160	406,903	411,232	406,902
Langenburg	181	615,228	615,228	792,449
Usborne	310	1,148,804	1,148,804	1,061,924
Colonsay	342	599,661	599,661	649,563
Blucher	343	668,999	668,999	635,812
Corman Park	344	556,567	556,567	597,626
Vanscoy	345	799,947	799,947	829,068
		$ 6,569,495	$ 6,573,824	$ 6,569,513

7. Budget

The budgeted amounts disclosed in these statements are those approved by the Municipal Potash Tax Sharing Administration Board.

Municipal Potash Tax Sharing Administration Board

Schedule of Tax Sharing Distributions Made to Municipalities
For the Year Ended December 31

		Budget 2005	Actual 2005	Actual 2004
Saskatoon/Lanigan Area				
Rural Municipalities				
279	Mount Hope	$ 628	$ 628	$ 639
280	Wreford	27,644	27,644	28,059
281	Wood Creek	2,355	2,355	2,261
283	Rosedale	1,394	1,394	1,309
309	Prairie Rose	58,043	58,043	58,913
310	Usborne	321,140	321,140	285,071
312	Morris	205,110	205,110	185,284
313	Lost River	126,036	126,036	127,900
314	Dundurn	116,965	116,965	121,661
315	Montrose	124,538	124,538	127,065
316	Harris	24,598	24,598	24,535
339	Leroy	36,673	36,673	37,197
340	Wolverine	226,520	226,520	229,909
341	Viscount	248,188	248,188	252,137
342	Colonsay	253,551	253,551	257,218
343	Blucher	354,478	354,478	364,629
344	Corman Park	455,470	455,470	453,563
345	Vanscoy	499,385	499,385	534,235
346	Perdue	107,892	107,892	99,734
371	Bayne	24,873	24,873	25,240
372	Grant	49,030	49,030	49,618
373	Aberdeen	109,628	109,628	108,691
376	Eagle Creek	17,346	17,346	16,624
		3,391,485	3,391,485	3,391,492
Urban Municipalities				
Town of Aberdeen		7,388	7,388	7,381
Town of Allan		37,574	37,574	37,543
Town of Asquith		7,941	7,941	7,934
Village of Bradwell		8,633	8,633	8,625
Village of Clavet		19,755	19,755	19,739
Town of Colonsay		23,574	23,574	23,554
Town of Dalmeny		18,054	18,054	18,039
Town of Delisle		48,918	48,918	48,877
Village of Drake		3,431	3,431	3,428
Village of Elstow		5,368	5,368	5,363
Village of Guernsey		5,976	5,976	5,971
Village of Kinley		553	553	553
Town of Langham		14,844	14,844	14,832
Town of Lanigan		63,333	63,333	63,281

Municipal Potash Tax Sharing Administration Board

Schedule of Tax Sharing Distributions Made to Municipalities
For the Year Ended December 31

	Budget 2005	Actual 2005	Actual 2004
Saskatoon/Lanigan Area			
Urban Municipalities			
RM of Usborne #310	0	0	314
Town of Martensville	17,459	17,459	17,444
Village of Meacham	1,245	1,245	1,244
Village of Perdue	5,146	5,146	5,142
Village of Plunkett	1,038	1,038	1,037
Village of Vanscoy	19,091	19,091	19,075
Village of Viscount	15,052	15,052	15,039
Town of Vonda	4,455	4,455	4,451
Town of Warman	21,872	21,872	21,854
Town of Watrous	19,783	19,783	19,767
Village of Young	4,136	4,136	4,133
Village of Zelma	2,213	2,213	2,212
	376,832	376,832	376,832
	3,768,317	3,768,317	3,768,324
Esterhazy Area			
Rural Municipalities			
121 Moosomin	60,400	60,400	60,200
122 Martin	18,453	18,453	18,391
151 Rocanville	409,639	409,639	409,326
152 Spy Hill	582,643	582,643	582,389
153 Willowdale	47,437	47,437	47,429
181 Langenburg	450,172	450,172	451,633
183 Fertile Belt	361,441	361,441	360,669
211 Churchbridge	124,724	124,724	124,684
213 Saltcoats	91,618	91,618	91,811
	2,146,527	2,146,527	2,146,532
Urban Municipalities			
Village of Atwater	460	460	460
Village of Bangor	736	736	736
Town of Bredenbury	5,426	5,426	5,426
Town of Churchbridge	12,200	12,200	12,200
Town of Esterhazy	102,629	102,629	102,629
Village of Gerald	9,748	9,748	9,748
Town of Langenburg	16,154	16,154	16,155
Town of Rocanville	54,380	54,380	54,380

Municipal Potash Tax Sharing Administration Board

Schedule of Tax Sharing Distributions Made to Municipalities
For the Year Ended December 31

	Budget 2005	Actual 2005	Actual 2004
Esterhazy Area			
Urban Municipalities			
Village of Spy Hill	13,059	13,059	13,058
Village of Stockholm	4,644	4,644	4,644
Village of Tantallon	6,744	6,744	6,744
Village of Welwyn	6,621	6,621	6,621
Village of Yarbo	5,702	5,702	5,702
	238,503	238,503	238,503
	2,385,030	2,385,030	2,385,035
Pense Area			
Rural Municipalities			
129 Bratt's Lake	2,258	2,281	2,266
130 Redburn	42,753	43,208	42,159
131 Baildon	17,523	17,710	18,228
159 Sherwood	31,013	31,343	30,122
160 Pense	158,998	160,689	160,715
161 Moose Jaw	77,004	77,823	76,024
189 Lumsden	9,234	9,333	9,631
190 Dufferin	18,891	19,092	18,633
191 Marquis	7,990	8,075	7,882
	365,664	369,554	365,660
Urban Municipalities			
Village of Belle Plaine	3,034	3,066	3,034
Village of Bethune	4,117	4,161	4,117
Village of Briercrest	1,224	1,237	1,224
Village of Disley	672	679	672
Village of Drinkwater	3,467	3,504	3,467
Village of Grand Coulee	3,965	4,007	3,965
Village of Pense	23,099	23,345	23,099
Village of Tuxford	1,051	1,062	1,051
	40,629	41,061	40,629
	406,293	410,615	406,289
Total tax sharing - to Statement 2	$ 6,559,640	$ 6,563,962	$ 6,559,648